Office of the Commissioner for Federal Judicial Affairs

2007-2008

Departmental Performance Report

The Honourable R. D. Nicholson, P.C., Q.C., M.P.
Minister of Justice and Attorney General of Canada

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SECTION I – OVERVIEW

Commissioner's Message

As the new Commissioner, I am pleased to submit the Performance Report for the Office of the Commissioner for Federal Judicial Affairs (FJA) for the period ending March 31, 2008.

Although the mandate of FJA may change very little from one year to the next, this Report demonstrates that 2007-2008 was again a busy fiscal year and that FJA's personnel was able to overcome the challenges that arose during this period.

As with many government departments, FJA experienced issues with personnel changes in the past year due to retirements. The office also prepared for the coming into force of new provisions in the *Judges Act* and provided support to the Judcial Compensation and Benefits Commission. FJA continued to provide our usual services, such as: general support of the judiciary, language training and international cooperation. The following pages set out these activities and others in more detail.

I wish to underline the professionalism and commitment of the employees of FJA in our support of the Canadian judiciary. FJA continually aims to improve its practices in order to function in the most efficient manner and remains prepared to face new challenges.

Claude Provencher

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Management Representation Statement

I submit for tabling in Parliament, the 2007-2008 Departmental Performance Report (DPR) for The Office of the Commissioner for Federal Judicial Affairs.

This document has been prepared based on the reporting principles contained in the *Guide for the preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the TBS guidance;
- It is based on the department's approved Strategic Outcome and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

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Claude Provencher
Commissioner for Federal Judicial Affairs

Summary Information

Department's Raison d'être

Mission Statement

We are a federal agency statutorily created to support, promote and support judicial independence for the benefit of the public by providing a wide range of services to the Canadian judiciary.

Vision Statement

We are recognized as a unique service provider to the Canadian Judiciary and are renowned for efficiency, sound management and a good working environment.

Results for Canadians

There are 1,066 judges in Canada who are appointed by the federal government to the superior courts in the provinces and territories and to specialized courts such as the Federal Court of Appeal, the Federal Court and the Tax Court of Canada. These courts play a vital role in protecting citizens' rights and ensuring governments adhere to the rules of law and justice. FJA supports an independent judiciary and provides language training that enhances the capabilities of the judiciary.

FJA publishes the *Federal Courts Reports*, which are the official, bilingual reports of decisions, or parts of decisions of the Federal Court and Federal Court of Appeal, that are considered to be of sufficient significance to warrant publication. FJA also provides administrative support to the Canadian Judicial Council.

FJA operates an efficient and effective judicial appointments process. The Judicial Appointments Secretariat received and processed 539 applications for judicial appointment, including 242 brought forward from the previous period. The Secretariat arranged for 56 advisory committee meetings. The committees assessed a total of 568 applications, the results of which were certified by the Executive Director, Judicial Appointments and provided to the Minister.

Promoting the principles of judicial independence, and efficient and transparent court systems internationally ensures protection of Canada's interests abroad and enhances Canada's visibility internationally.

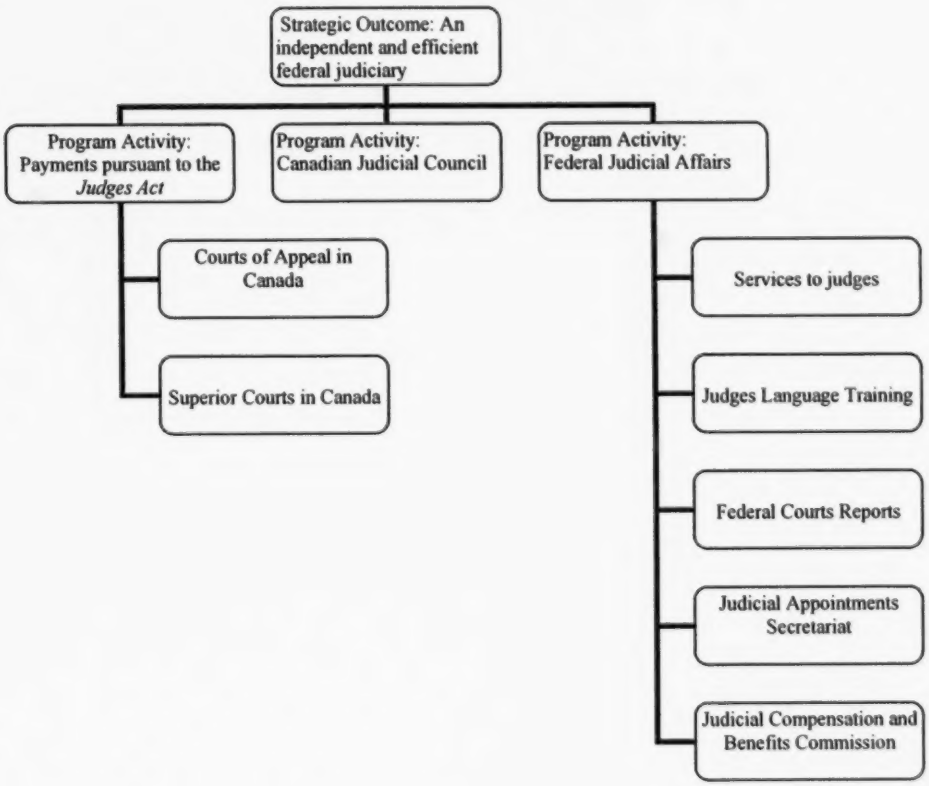
Financial Resources

Planned Spending	Total Authorities	Actual Spending
$400,274,000	$401,012,838	$399,931,631

Human Resources

Planned	Actual	Difference
70	65	5

Program Activity Architecture


Strategic Outcome: An independent and efficient federal judiciary
Program Activity: Payments pursuant to the *Judges Act*
Program Activity: Canadian Judicial Council
Program Activity: Federal Judicial Affairs
Courts of Appeal in Canada
Superior Courts in Canada
Services to judges
Judges Language Training
Federal Courts Reports
Judicial Appointments Secretariat
Judicial Compensation and Benefits Commission

Departmental Priorities

Name	Type	Performance Status
1. Client Services	Ongoing	Successfully met
2. Corporate Planning	Ongoing	Successfully met
3. Communications	Ongoing	Successfully met
4. Information / Management Systems	Ongoing	Successfully met
5. Security	Ongoing	Successfully met

Program Activities by Strategic Outcome

	Expected Results	Performance Status	Planned Spending	Actual Spending	Contributes to the following priorities
Strategic Outcome: An independent and efficient federal judiciary					
Payments Pursuant to the *Judges Act*	Accurate and timely processing and validation of Travel, Relocation and Hospitality Claims,in full compliance with the Judge's Act and internal guidelines governing financial management.	Successfully met	$390,465,000	$390,180,386	All priorities
Canadian Judicial Council	Effective functioning of CJC committees	Successfully met	$1,688,000	$1,658,231	All priorities
Federal Judicial Affairs	Judges satisfied with services received	Successfully met	$8,321,000	$8,093,014	All priorities

Summary of Departmental Performance

FJA's environment is complex, due in part to the small size of its organization, which tends to understate the importance of its role within government. With only about 70 employees, the Office serves more than 1,066 judges and 776 pensioners and survivors, 138 Advisory Committee members and over 550 applicants for judicial appointment. FJA administers a budget in excess of $400 million annually which pays for judges' salaries, allowances and annuities, relocation and travel expenses as well as covering the costs of running the Office (informatics, training, finance, administration and other related expenses). It provides other services to judges including language training. It also provides services to the legal community through the publication of the *Federal Courts Reports* as well as services to the Minister of Justice through the operation of the Judicial Appointments Secretariat. FJA must comply with the same central agency expectations and requirements (comptrollership, management and accountability systems, etc.) as do larger departments that enjoy core, specialized resources in the fields of planning, communications, human and financial administration and evaluation.

During the course of the fiscal year, a number of key employees of the department have either retired or left the department for other opportunities. The funding received for the succession plan of the Human Resources section has not resulted in solving the issue as the general shortage of Compensation Specialists has resulted in three new staff joining the department only to be lured away by larger departments within a short time of joining FJA. Staff retention continues to be a challenge for small departments and agencies.

An important number of results have been achieved, such as the update of the business planning process which included a Human Resource Staffing Plan and the completion of the translation of the Security Policies.

New employee orientations sessions have been held to ensure new staff to the department receive information on the operations, priorities and clients of the department. These sessions were developed by experienced employees of the department and have proven informative to the new employees.

Meetings of the Judicial Appointments Advisory Committees were held across the country. Candidate lists were updated and provided to the Minister of Justice.

The department completed a major contracting activity using the Request for Proposal process relating to the International Program which is currently being undertaken in conjunction with funding received from the Canadian International Development Agency (CIDA).

In the area of International Cooperation, the four-year agreement with the Canadian International Development Agency (CIDA) to assist with judicial reform in Russia proceeded in accordance with the approved plan and a six-month extension to the program was obtained. The agreement with CIDA to assist with judicial reform in the Ukraine is progressing in accordance with the approved plan. Work has also progressed on the arrangement with the National Judicial Institute to provide assistance with judicial reform in China.

The department participated in training sessions provided to senior managers provided by the Human Resource Cooperative, a group of five small departments, including FJA, who have joined together to assist each other with Human Resource initiatives. Additional activities are planned for the coming year.

The department conducted a training program for members of the Health and Safety Committee as well as for departmental staff. The training covered general health and safety awareness. The committee members have completed an inspection of the workplace and have only minor issues to be resolved.

The department has been working with the Department of Justice to ensure a smooth implementation of the Division of Annuity Benefits mechanism which was included in the proclamation of Bill C-17, an Act to amend the *Judges Act*. The Department of Justice has been drafting the regulations concerning this subject and the staff at FJA has been working with officials from the Department of Justice to review the regulations.

The department has been working with the Canada School of Public Service (CSPS) to provide language training services to federally appointed judges. CSPS is providing language teachers in

various locations across the country and is now managed on a cost recovery basis and thus is charging for all services which were previously provided without charge.

The department has started consultations to undertake a survey of judges to determine the level of satisfaction with the services offered to the judges by the department. The survey is expected to take place in the fall of 2008.

The members of the Judicial Compensation and Benefits Commission were appointed in the fall of 2007. Hearings of the submissions were held throughout the winter with the final report due to the Minister of Justice by June 30, 2008. Staff from FJA assisted with the administrative duties of the Commission as well as providing data and statistics to the members.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Strategic Outcome

An independent and efficient federal judiciary.

Expected Results:

- Intermediate Outcomes

To remain a major pillar of the Canadian judiciary by providing top quality, reliable and comprehensive services;

To maintain, and enhance where possible, FJA partnerships with judicial organizations both within Canada and outside Canada; and

To constantly improve and tailor FJA systems and procedures, and use the best proven technology available to meet the needs of clients.

- Immediate Outcomes

To improve the ability of FJA to respond to the needs of the members of the judiciary which will allow the judges to continue to play a vital role in protecting citizens' rights and ensuring governments adhere to the rules of law and justice.

Program Activities

Payments pursuant to the *Judges Act* - This program activity provides for payment of salaries, allowances and annuities to judges and their survivors as authorized by the *Judges Act.*

Canadian Judicial Council - This program activity provides for the administration of the Canadian Judicial Council as authorized by the *Judges Act.* The Council, made up of the 39 Chief Justices and Associate Chief Justices of Canada's superior Courts, acts independently in the pursuit of its mandate, which is to foster a better administration of justice in Canada. The Office of the Council is managed by an Executive Director and General Counsel who reports functionally to the Chief Justice of Canada and administratively to the Commissioner.

Federal Judicial Affairs - This program activity provides the federal judiciary with guidance and advice on the interpretation of Part I of the *Judges Act*; provides the Minister with a continually updated list of recommended candidates for appointment to the judiciary as well as providing support to the judiciary in the areas of finance, personnel, administration, training, editing and information management. The delivery of services to our International partners is also a component of this program activity.

The following key priorities were identified in the *2007-2008 Report on Plans and Priorities*:

1) Client Services;
2) Corporate Planning and Reporting;
3) Communications;
4) Information/Management Systems; and
5) Security.

Program, resources, and results linkages

Client Services

Language training of federally appointed judges is a major component of the client services provided. Approximately 350 registrations of judges have been received for the different language training activities. Total expenditures for this training program amounted to $ 1,359,797.

The Finance and Administration Division, as part of its services to judges, provides for the reimbursement of claims received from judges under the various provisions of the *Judges Act*. This division processed in excess of 19,000 claims for reimbursement, as well a providing finance and administrative support for the ongoing operations of the department and the total spending for this division amounted to $1,106,489.

The Compensation, Benefits and Human Resources Division, as part of its services to judges, provides for the timely payment of salaries to judges as well as the timely payment of annuities to retired judges and their survivors as well as the support for the ongoing operations of the department. These monthly payments are issued to the 1,066 judges and the 776 pensioners and survivors. There were 68 new appointments to the judiciary and 49 new pensioners added to the roster this fiscal year and the total spending for this division amounted to $ 811,183.

Corporate Planning

FJA has developed a Corporate Plan which identifies priorities, targets and integrates Human Resource requirements for all priorities.

FJA has a human resources plan to assist with meeting the current and long-term requirements of the department. A review of job descriptions has commenced. Succession planning issues have been identified and all sections are reviewing their succession planning requirements.

Communications

FJA has a structured communication strategy to keep staff informed of the changes (necessitated by the *Public Service Modernization Act)*. This strategy includes HR Bulletins, capsule summaries, Town Hall meetings as well as consultations with bargaining units. The current in-house communications tool is being revised to provide a more useful avenue for communications to staff. The ongoing communication with judges is facilitated by the communication tool JUDICOM which is administered and provided by our office to all federally appointed judges who wish to use the system. An employee orientation program has been developed for new employees of the department.

Information/Management Systems

FJA has completed the process of documenting all departmental practices and processes to determine where duplication exists and where efficiencies can be found. A review of the departmental legacy systems has been started, the objective of which is to update the systems to ensure compliance with new operating standards and to ensure user requirements are met.

Security

Security policies have been drafted and translated. Physical security measures are in place. The contracting process has been revised to ensure all contractors meet the security requirements of the department.

SECTION III – SUPPLEMENTARY INFORMATION

Departmental Link to Government of Canada Outcome Areas

Strategic Outcome: An independent and efficient federal judiciary.				
	Actual Spending 2007-08			**Alignment to Government of Canada Outcome Area**
	Budgetary	**Non-budgetary**	**Total**	
Payments Pursuant to the *Judges Act*	$390,180,386	-	$390,180,386	Safe and Secure Communities
Canadian Judicial Council	$1,658,231	-	$1,658,231	Safe and Secure Communities Government Affairs
Federal Judicial Affairs	$8,093,014	-	$8,093,014	Safe and Secure World Through International Cooperation. Government Affairs

Table 1: Comparison of Planned Spending and Full-time Equivalents

(S millions)	2005–06 Actual	2006–07 Actual	2007–2008 Main Estimates	2007–2008 Planned Spending	2007–2008 Total Authorities	2007–2008 Total Actuals
Federal Judicial Affairs	8.5	8.1	8.1	8.3	9.0	8.1
Canadian Judicial Council	1.8	1.7	1.7	1.7	1.8	1.7
Payments Pursuant to the *Judges Act*	341.5	394.8	390.5	390.5	390.2	390.2
Total	**351.8**	**404.6**	**400.3**	**400.5**	**401.0**	**399.9**

Total	351.8	404.6	400.3	400.5	401.0	399.9
Less: Non-Respendable revenue	10.6	12.5	13.8	13.8	12.1	12.1
Plus: Cost of services received without charge	1.2	1.3	1.3	1.3	1.4	1.4
Net cost of Department	**342.4**	**393.4**	**387.8**	**388.0**	**390.3**	**389.2**

Full-time Equivalents	**68**	**65**	**70**	**70**	**70**	**65**

Table 2: Voted and Statutory Items

Vote or Statutory Item	Truncated Vote or Statutory Wording	2007–2008			
		Main Estimates	Planned Spending	Total Authorities	Actual
20	Operating expenditures	7,368,000	7,568,000	8,432,995	7,461,007
25	Operating expenditures Canadian Judicial Council	1,594,000	1,594,000	1,673,450	1,564,231
(S)	Payments pursuant to the *Judges Act*	390,465,000	390,465,000	390,180,386	390,180,386
(S)	Contributions to employee benefit plans	847,000	847,000	726,007	726,007
	Total	**400,274,000**	**400,474,000**	**401,012,838**	**399,931,631**

Additional funding for Vote 20 and Vote 25 was approved through the Supplementary Estimates process.

Table 3: Departmental Financial Statements

Office of the Commissioner for Federal Judicial Affairs
Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with the Office of the Commissioner for Federal Judicial Affairs (FJA) management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of FJA's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the FJA Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal controls designed to provide reasonable assurance that financial administration is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout FJA.

The financial statements of the Office of the Commissioner for Federal Judicial Affairs have not been audited.

Claude Provencher
Commissioner

Marc A. Giroux
Deputy Commissioner
Senior Financial Officer

Ottawa, Canada
September 29, 2008

Office of the Commissioner for Federal Judicial Affairs
Statement of Operations (unaudited)
For the year ended March 31
(in dollars)

	2008				2007
	Federal Judicial Affairs	Canadian Judicial Council	Statutory Expenses	Total	Total
Operating Expenses					
Salaries and benefits	4,807,223	679,494	357,441,708	362,928,425	372,491,568
Transportation and telecommunications	571,647	130,664	27,040,022	27,742,333	23,730,269
Professional and special services	2,577,030	749,128	264,828	3,590,986	3,189,181
Accommodations	875,298	237,010	-	1,112,308	1,013,085
Utilities, materials and supplies	72,097	11,700	3,412	87,209	315,348
Communications	161,547	79,124	6,525	247,196	121,085
Repairs and maintenance	112,671	2,616	-	115,287	115,967
Rentals	31,058	18,581	10,126	59,765	67,311
Amortization (Note 5)	105,259	-	-	105,259	110,988
Machinery and equipment	142,697	28,064	-	170,761	103,730
Loss on write-down of capital assets	3,465	-	-	3,465	3,818
Other expenses	62,370	-	5,163,217	5,225,587	4,970,703
Total operating expenses	**9,522,362**	**1,936,381**	**389,929,838**	**401,388,581**	**406,233,092**
Total Expenses	**9,522,362**	**1,936,381**	**389,929,838**	**401,388,581**	**406,233,092**
Revenues					
Pension Contributions Credited to Revenue	0	0	(12,055,180)	(12,055,180)	(12,473,066)
User charges	(173,750)	0	0	(173,750)	(173,066)
Total Revenues	**(173,750)**	**0**	**(12,055,180)**	**(12,228,930)**	**(12,646,132)**
Net Cost of Operations	**9,348,612**	**1,936,381**	**377,874,658**	**389,159,651**	**393,586,960**

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs
Statement of Financial Position (unaudited)
At March 31
(in dollars)

		2008	2007
ASSETS			
	Financial assets		
	Receivables and Advances (Note 4)	1,203,410	2,086,830
	Total financial assets	**1,203,410**	**2,086,830**
	Non-financial assets		
	Prepaid expenses	283,005	121,382
	Capital assets (Note 5)	146,359	210,248
	Total non-financial assets	**429,364**	**331,630**
TOTAL		**1,632,774**	**2,418,460**
Liabilities			
	Accounts payable and accrued liabilities (Note 6)	1,872,975	1,814,733
	Vacation pay and compensatory leave	211,260	202,126
	Judges Supplementary Retirement		
	Benefit Account (Note 8)	138,248,550	127,564,956
	Employee severance benefits (Note 7)	989,178	954,065
	Total Liabilities	**141,321,963**	**130,535,880**
Equity of Canada		**(139,689,189)**	**(128,117,420)**
TOTAL		**1,632,774**	**2,418,460**

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs
Statement of Equity of Canada (unaudited)
At March 31
(in dollars)

	2008	2007
Equity of Canada, beginning of year	**(128,117,421)**	**(117,745,530)**
Net cost of operations	(389,159,651)	(393,586,960)
Current year appropriations used (Note 3)	399,961,631	404,584,428
Revenue not available for spending	(12,055,180)	(12,473,066)
Change in net position in the Consolidated Revenue Fund (Note 3c)	(11,750,244)	(10,253,257)
Services received without charge from other government departments (Note 8)	1,461,676	1,356,964
Equity of Canada, end of year	**(139,689,189)**	**(128,117,421)**

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs
Statement of Cashflow (unaudited)
For the year ended March 31
(in dollars)

	2008	2007
Operating activities		
Net cost of operations	389,159,651	393,586,960
Non-cash items:		
Amortization of capital assets (Note 5)	(105,259)	(110,988)
Loss on write-down of capital assets	(3,465)	(3,818)
Services provided without charge		
other government departments (Note 9)	(1,461,676)	(1,356,964)
Variations in Statement of Financial Position:		
Increase (decrease) in receivables and advances	(883,420)	831,890
Increase (decrease) prepaid expenses	161,623	62,228
Decrease (increase) in liabilities	(10,786,083)	(11,181,071)
Cash used by operating activities	376,227,730	381,828,236
Capital investment activities		
Acquisition of tangible capital assets	44,836	29,869
Cash used by capital investment activities	44,836	29,869
Financing activities		
Net cash provided by Government of Canada	(376,272,566)	(381,858,105)

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs
Notes to the Financial Statements (unaudited)
Year ended March 31, 2008

1. Authority and Objectives

The Office of the Commissioner for Federal Judicial Affairs (FJA) was created in 1978 under the authority of the *Judges Act* to safeguard the independence of the judiciary and to put federally appointed judges at arm's length from the administration of the Department of Justice. It exists to promote the better administration of justice and focuses its efforts on providing a sound support role to the federal judiciary.

It administers three distinct and separate components that are funded from three very distinct sources. Statutory funding is allocated for the judges' salaries, allowances and annuities and surviving beneficiaries' benefits. Vote appropriations are provided in two separate votes to support the administrative activities of the Office of the Commissioner and the administrative activities of the Canadian Judicial Council.

The administration of the Office of the Commissioner is structured to reflect the distinctiveness of its role in supporting federal judicial activities. Under the Program Activity Architecture, the organization is broken down into three program activities: Payments Pursuant to the Judges *Act*; Canadian Judicial Council; and Federal Judicial Affairs (FJA).

These activities strive to meet our priorities of: developing organizational capacity; building a strong, integrated team; improving service delivery; enhancing communications; and managing information.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations - FJA is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to FJA do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provide a high-level reconciliation between the bases of reporting.

(b) Net Cash Provided by Government- FJA operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by departments are paid from the CRF. The net cash provided by the Government is the difference between all cash

receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by the Government and appropriations used in a year. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) Revenues - Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses - Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are expenses as the benefits accrue to employees under their respective terms of employment.

- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee and federally appointed judges future benefits

(i) Pension benefits:

Eligible employees participate in the Public Service Pension Plan (PSSA) multiemployer administered by the Government of Canada. FJA's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require FJA to make contributions for any actuarial deficiencies of the Plan.

(ii) Severance benefits;

Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(iii) Federally appointed judges pension benefits;

Federally appointed judges pension plan. Eligible federally appointed judges and their survivors are entitled to fully indexed annuities providing that the judges meet minimum age and service requirements. The main benefits paid from this plan are recorded on a pay-as-you-go basis. They are included in the Statement of Operations as a component of salaries and benefits and the judges contributions are credited to revenue. Contributions made by FJA and judges pertaining to the portion of the plan that relates to indexation of benefits is recorded in a Supplementary Retirement Benefits Account, which is presented on the Statement of Financial Position. FJA's contribution towards indexation is

expensed at the time it is accrued in the Account in accordance with the legislation. The actuarial liability associated with the judges pension plan is recorded in the financial statements of the Government of Canada, the ultimate sponsor of the plan.

g) Accounts receivables are stated at amounts expected to be ultimately realized; a provision is made for external receivables where recovery is considered uncertain.

(h) Tangible capital assets - all tangible capital assets and leasehold improvements having an initial cost of $5,000 or more are recorded at their acquisition cost. FJA does not capitalize intangibles, works of art and historical treasures the have cultural, aesthetic or historical value. Amortization of tangible capital assets is done on a straight-line basis with an assumed residual value of zero ($0) over the estimated useful life of the capital asset as follows:

Asset Class	Amortization period
Machinery and equipment	5 to 10 years
Furniture& Fixtures	10 years
Informatics Hardware & Software	3 years

(i) Measurement uncertainty – the preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally, accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

FJA receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to Current year appropriations used

(in dollars)	2008	2007
Net cost of operations	389,159,651	393,586,960
Adjustments for items affecting net cost of operations But not affecting appropriations:		
Add (Less):		
Services provided without charge	(1,461,676)	(1,356,964)
Employee Severance Benefits	(35,113)	(49,457)
Amortization of tangible capital assets	(105,259)	(110,988)
Loss on write-down of tangible capital assets	(3,465)	(3,818)
Vacation pay and compensatory leave	(9,134)	26,028
Judges Pensions Contributions	12,055,180	12,473,066
Adjustment to prior year expenses	3,606	167
Other	-	(10,435)
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less):		
Acquisitions of tangible capital assets	44,836	29,869
Prepaid Expenses *	283,005	-
Current year appropriations used	**399,931,631**	**404,584,428**

* In fiscal year 2007-2008, prepaid expenses were charged to current year appropriations. In previous years, prepaid expenses were booked initially as an accrual, and then charged to current year appropriations as the expense was consumed.

(b) Appropriations provided and used

	Appropriations Provided	
(in dollars)	2008	2007
Vote 20 - Operating expenditures-FJA	8,432,995	8,055,613
Vote 25 - Operating expenditures-CJC	1,673,450	1,851,950
Statutory amounts	390,906,393	395,581,531
Less:		
Lapsed appropriations: Operating	(1,081,207)	(904,666)
Current year appropriations used	**399,931,631**	**404,584,428**

(c) Reconciliation of net cash provided by Government to current year appropriations used

(in dollars)	2008	2007
Net cash provided by Government	376,126,207	381,858,105
Revenue not available for spending	12,055,180	12,473,066
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable	545,307	(483,129)
Variation in advances	338,113	(348,760)
Variation in prepaid	(161,623)	(62,228)
Add back: Prepaid Expenses	283,005	-
Variation in accounts payable and accrued liabilities	10,786,083	11,157,642
Other adjustments	(40,641)	(10,268)
	11,750,244	10,253.257
Current year appropriations used	**399,931,631**	**404,584,428**

4. Accounts Receivable and Advances

The following table presents details of Accounts Receivable and Advances:

(in dollars)	2008	2007
Receivables from other Federal Government Departments and agencies	146,330	703,342
Receivables from external parties	128,825	117,120
Advances	928,255	1,266,368
Total	**1,203,410**	**2,086,830**

5. Tangible Capital Assets

(in dollars)

	Cost				Accumulated amortization				Net Book Value	
Capital asset Class	Opening Balance	Acquisi-tions	Disposals and write-offs	Closing balance	Opening balance	Amortiz-ation	Disposals and write-offs	Closing balance	2008	2007
Machinery & equipment	86,180	-	(11,551)	74,629	34,589	8,832	(8,086)	35,335	39,293	51,591
Informatics Hardware	593,099	26,816	(203,085)	416,830	475,291	68,062	(203,085)	340,268	76,562	117,808
Furniture & Fixtures	19,552	-	-	19,552	11,731	1,955	-	13,686	5,866	7,821
Software	84,785	18,020	-	102,805	51,757	26,410	-	78,167	24,638	33,028
Total	783,616	44,836	(214,636)	613,816	573,368	105,259	(211,171)	467,456	146,359	210,248

Amortization expense for the year ended March 31, 2008 is $105,259 (2007-$110,988).

6. Accounts Payable and Accrued Liabilities

The following table presents details or Accounts Payable and Accrued Liabilities:

(in dollars)	2008	2007
Payable to other Federal Government Departments and agencies	172,757	52,601
Payables to external parties	1,446,026	1,513,494
Accrued Salaries/Wages	254,192	248,638
Total	1,872,975	1,814,733

7. Employee Benefits

(a) Pension benefits: FJA's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and FJA contribute to the cost of the Plan. The 2007-08 expense amount to $529,259 ($577,774 in 2006-07), which represents approximately 2.1 times the contributions by employees (2.2 times in 2006-07).

FJA's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: FJA provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in dollars)	2008	2007
Accrued benefit obligation, beginning of year	954,065	904,608
Expense for the year	35,113	49,457
Accrued benefit obligation, end of year	989,178	954,065

8. Judges Supplementary Retirement Benefit Account

(in dollars)	2008	2007
Liability, beginning of year	127,564,956	117,060,075
Contributions	5,322,032	5,611,579
Interest	5,361,562	4,893,302
Liability, end of year	**138,248,550**	**127,564,956**

The pension plan for federally appointed judges provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits. Instead the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the total of the members age and years of service totals 80. Judges who elect Supernumerary Status or judges, who qualify for retirement, make required contributions of 1% of salary. All other judges make contributions of 7% of salary.

The main benefits from this plan are expensed on a pay-as-you-go basis. However, in virtue of the *Supplementary Retirement Benefits Act, f*or the portion of the plan that relates to indexation of benefits, the 1% portion of salary contributed by the judges is recorded in a Supplementary Retirement Benefits Account, along with a matching contribution of 1% recorded by FJA. In addition, interest is accrued on the outstanding balance of the Account. The actuarial liability associated with the judges pension plan is recorded in the financial statements of the Government of Canada.

9. Related party transactions

FJA is related in terms of common ownership to all Government of Canada departments, and Crown Corporations. FJA enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services, as shown below, are provided without charge.

a) Services provided without charge:

During the year, FJA received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operations as follows:

(in dollars)	2008	2007
Accommodation provided by Public Works and Government Services Canada	1,112,308	1,013,085
Contributions covering employer's share of employees' insurance premiums and costs paid by Treasury Board Secretariat	349,368	343,879
Total	**1,461,676**	**1,356,964**

The Government has structured some of its administrative activities for efficiency and cost effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in FJA's Statement of Operations.

b) Payables and receivables outstanding at year-end with related parties:

(in dollars)	2008	2007
Accounts receivable with other government departments and agencies	146,330	703,342
Accounts payable to other government departments and agencies	172,757	52,601

SECTION IV – OTHER ITEMS OF INTEREST

For supplementary information on department's Travel Policies and sources of respendable and non respendable revenue, please visit: http://publiservice.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp.

As part of its mandate to support the Canadian judiciary, the Office of the Commissioner for Federal Judicial Affairs provides support services to the Office of the Canadian Judicial Council. The Council is composed of the 39 Chief Justices and Associate Chief Justices of Canada's superior Courts. Its mandate is to promote efficiency and uniformity, and to improve the quality of judicial service in Canada. The Council is also responsible for reviewing complaints against federally appointed judges. Information about the Council, its mandate and activities are found at the Council's website, http://www.cjc.gc.ca.

Contacts for Further Information

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Telephone: (613) 995-5140 Facsimile: (613) 995-5615

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Claude Provencher, Commissioner, Phone: (613) 995-5140

E-mail: cprovencher@fja.gc.ca

Listing of Statutory and Departmental Reports

Canadian Judicial Council Annual Report

Computer News for Judges

Federal Courts Reports

Report and Recommendations of the 2004 Judicial Compensation and Benefits Commission

Legislation Administered by the Office of the Commissioner for Federal Judicial Affairs

The Minister has sole responsibility to Parliament for the following Act:

Judges Act (R.S.C. 1985, c. J-1) February 2007